1836 (Rev. 7-98) IS, Formerly M-1200
TREASURY DOCUMENTATION

Subject
  Substitute Printed, Computer-Prepared and
  Computer-Generated Tax Forms and Schedules
For
  Developers of Substitute Tax Form Software,
  Treasury Executives and Division
  Administrators, and
  Forms and Document Services

Revised 8-15-2003
"Forms and Print
Management" changed to
"Forms and Document
Services"

Also See

Identification	ET-03066
	Policy
Effective	8-1-2003
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Replaces	
ET-03066 (11-1-2002)	

PURPOSE

This Policy establishes guidelines and defines requirements for preparing and submitting substitute tax forms to the Michigan Department of Treasury (hereafter referred to as the "Department"). It also sets forth the procedure for required review and approval of substitute forms.

SCOPE

The Department's Forms and Document Services (FDS) staff administers the requirements of this Policy. If you need additional information or have any questions after reviewing the contents of this Policy, contact:

> Forms and Document Services
> Michigan Department of Treasury
> Lansing, MI 48922
> (517) 241-4394 or (517) 373-8891
> e-mail: *TreasForms@michigan.gov*

All substitute forms must meet the requirements stated in this Policy. The Department reserves the right to require the refiling of any forms that do not meet these requirements.

Treasury will accept the following substitute forms in lieu of official Department forms. These substitute forms **do not require** Treasury approval.

1. Photocopies of an unaltered original form or of an unaltered reproduction master form provided by the Department.

2. Forms printed in a conventional manner using an unaltered reproduction master form provided by the Department as camera-ready copy. This includes forms produced as cut sheets, continuous forms or snapsets.

3. Computer-prepared substitutes in which the taxpayer's entry information is imaged by a computer/word processor onto an official form or a form printed as in item 2 above.

Approving Signature

Treasury will accept the following substitute forms in lieu of official Treasury forms **only after Treasury has reviewed and approved the forms.**

1. Signature forms generated on a laser printer or on a high quality dot-matrix printer as long as the form follows the exact text and format of the original form (excluding logos). Forms produced in this manner must include all instructional information.

2. Form MI-1040 MICHIGAN INCOME TAX RETURN and form MI-1040CR-7 MICHIGAN HOME HEATING CREDIT CLAIM with a two-dimensional (2-D) barcode.

3. Forms generated on a standard dot-matrix printer as long as the form does not require a signature. (Limitations apply. See "Substitutes Generated Using Dot-Matrix Printers" on page 7.)

   Exception: The above does not apply to forms that bear a scan line (see "Scanned Forms" on page 7).

Note: Federal forms filed with the Department must comply with IRS Publication 1167.

GENERAL REQUIREMENTS FOR DEVELOPERS OF SUBSTITUTE FORMS

Developers of substitute forms must first contact FDS to register their company and obtain a code number (see "Software Developer Identification" on page 3). Developers must submit forms for review and receive official approval from the Department **before** releasing software to preparers. The developer must submit forms to FDS at the address shown on the first page of this Policy. No other area within the Department is authorized to approve substitute forms. Forms directed to other areas will take longer to reach the correct area and may delay review and approval. Practitioners who purchase tax software programs do not need to submit forms for approval but should verify with the developer that they have received Treasury approval.

Review and Approval Process

The Department will **not** review forms submitted:

1. For approval via fax machine. Such forms will be considered "never received."

2. For a given tax year after May 14 of the following tax year (e.g., 2002 tax forms will not be reviewed after May 14, 2003).

When reviewing forms for approval, the Department is verifying that the form can be processed through its mainstream processing systems. The Department does not review or approve the logic of specific software programs, nor confirm the calculations entered on forms output from these programs. The accuracy of the program remains the responsibility of the software developer. The accuracy of the information on returns prepared using a computer program remains the responsibility of the taxpayer.

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Developers should submit one copy of each form submitted for approval. The Department will send developers a formal notice of approval or non-approval. If not approved, the Department will specify changes required for approval. In some cases, developers may be required to resubmit a corrected version before receiving final approval.

Adequate response time should be allowed (a minimum of two weeks during peak season).

Approvals are granted for one tax year only (i.e., approval of the 2002 MI-1040 return does not imply approval of the 2003 MI-1040 return). This applies whether or not there have been changes to the form.

Filing of Unacceptable Forms

A substitute form filed with the Department that has not been approved or cannot be processed through our mainstream processing systems will be handled through "exception processing." This can delay a refund check by up to six weeks. This does not, however, delay the posting of payments arriving with a return. The Department will contact the preparer of the unacceptable form and direct the preparer to stop filing that substitute form immediately. If the Department cannot reach the preparer, the taxpayer will be contacted. Refunds delayed past 90 days because of improper forms filing do not accrue interest.

Software Developer Identification

The Department maintains a roster of software developers and assigns a code number to each developer on the roster. This code number (or code number **and** company name) must appear in the lower-left corner of **each** page of every form produced by that developer's software. This helps the Department identify the developer if there are problems with the forms so that the developer can issue corrections.

In some cases, the **primary** company producing the form is different from the **secondary** company creating the data and, if applicable, the 2-D barcode on the form. Both primary and secondary ID codes must appear on the form, with the secondary code in the first (left most) position and the primary code in the second position. Space must be reserved by the primary forms design vendor for the secondary vendor code to be added.

Example: ABC Company is the primary forms design vendor and supplies XYZ Company with form templates. XYZ writes the software programs to compute the return and print the data and barcode. The software developer identification information would appear in the bottom left corner as follows: XYZ ABC

The primary company must submit forms for Treasury approval. However, unless the form has specific test requirements for tax data (i.e., 2-D barcoding or scannable documents), the secondary company is not required to submit the form to Treasury for further approval.

Advance Copies of Official Forms

Treasury's Web site (*www.michigan.gov/treasury*) provides access to draft and final tax forms as well as to Revenue Administrative Bulletins and Letter Rulings which notify practitioners of tax policy changes.

Major tax forms are published on Treasury's public Web site for viewing and printing using Adobe Acrobat Reader (version 4.0). Advance copies of draft tax forms are published on a **secured** Web site. Access to the secured site may be obtained by sending an e-mail to *TreasForms@michigan.gov* or by writing or calling FDS (see page 1).

Draft forms are generally published in late September through early December as they become available. Most tax forms cannot be finalized until the Legislature has recessed the fall session. This generally occurs in mid-December. The Department posts major tax forms as **final drafts** on the secure Web site in early November. Developers may submit final draft forms to the Department for approval, with the understanding that legislation may require changes to programs and forms. If there are changes to a final draft, developers will be notified and may need to resubmit the form for approval.

As forms become **final** (after the Legislature adjourns) they are posted on the public Web site *(www.michigan.gov/treasury).* **Developers must not release forms to their clients until they are final.** If incorrect forms are filed, it will result in errors and/or delay the processing of returns.

IMPORTANT: The final MI-1040 and MI-1040CR-7 forms posted on Treasury's public site are the "official tax booklet" versions. The final "computer-generated" versions will be available only on Treasury's secured Web site. These two forms will be clearly marked Draft or Final on the secured Web site. Developers must use the computer-generated version for forms with and without a 2-D barcode (see "Substitutes With 2-D Barcode" on page 6). The official tax booklet and computer-generated versions differ **only** in the **name/address/barcode area** on the top of page 1 and the **mailing address** on page 2.

Using Preprinted Label

When filing a substitute return, preparers must use the official Treasury label sent to the taxpayer. Software programs should prompt practitioners to request the label. (**Exception**: Do not use the label for forms printed with a 2-D barcode. It may interfere with scanning.) This label is a key to efficient, accurate and economical processing of a taxpayer's return. A labeled return indicates that a taxpayer is an established filer and permits the Department to accelerate processing of those returns, providing quicker refunds with accurate names and addresses. If any information on the label is incorrect, the practitioner should not use the label.

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FORMAT REQUIREMENTS FOR SUBSTITUTE FORMS

General Guidelines for All Substitute Forms

1. **Design:** Each substitute form must follow as closely as is reasonable the design of the official form as to font style and size, arrangement and format, form number, item captions, line numbers, line references, dot leaders and sequence.

2. **Size:** Substitutes must be the same size as the official form.

3. **Paper:** The paper must be equal to or better than the quality used for the official form. Usually 20# white bond is acceptable.

4. **Paper and Ink Color:** Paper and ink color should substantially duplicate the official form. White paper may be used for all substitutes of official forms printed on colored paper.

5. **Legibility:** All forms must be legible. The Department reserves the right to reject forms with poor legibility.

6. **Font:** The preferred fonts are Arial or Helvetica 12. Courier 12 is acceptable.

7. **Rounding:** Entries on all Michigan tax forms must be rounded to the nearest dollar. Round down all amounts less than 50 cents. Round up all amounts of 50 through 99 cents.

8. **Entry Format:** All entries must be formatted "$XXX.00." Exception: Because the entries on SBT forms can be very long, it is acceptable to format SBT entries in the format "$XXX." Be sure the decimal point is legible; do not use penny lines.

9. **Zero Entries:** If a line does not apply to a taxpayer, the line may be left blank; however, an entry must be made on all total lines. If the amount to be reported on a particular total line is zero, enter "$0.00."

10. **Negative Entries:** Use parentheses to report negative dollar amounts.

    Example: ($100.00)

11. **Data Entry Symbols:** The Department uses a blackened right-facing arrow followed by a bold line number to indicate data entry pickup lines. This symbol must be reproduced on all substitute forms. If this symbol is not available, a blackened circle (bullet) may be substituted. (See "Substitutes Generated Using Dot-Matrix Printers" on page 7 for exception.) The Department will not approve any form until correct data entry symbols are demonstrated.

12. **Logos:** It is not necessary to reproduce any logo on any Michigan tax form.

13. **Multiple-Page Forms:** When printing multiple-page forms, print the entire form with all its parts and pages. Whenever possible, print on both sides of the paper. When printing on continuous forms, burst and detach the pinfeed holes and burst and collate pages before filing. Be sure to assemble the forms in the correct order. When an official form is printed duplex (two-sided) and your program will print single sheets only, the taxpayer's name and account number must appear on the top of each sheet.

14. **Signature:** The taxpayer must sign the substitute tax form in the designated space. All taxpayer signatures on paper forms filed with the Department must be original signatures. The Department will accept a photocopy or stamp of the tax preparer's signature.

Substitutes With 2-D Barcode

Michigan accepts 2-D barcodes on forms MI-1040 and MI-1040CR-7. There is **one** version of each of these forms for **computer-generated** tax returns. Developers must obtain draft and final versions of forms MI-1040 and MI-1040CR-7 from Treasury's secured Web site. If a 2-D barcode is not printed on the forms, the space allotted for the barcode must be left blank. No row or column coordinates are specified at the top of the form for the taxpayer name, address, Social Security number, etc., because this information is scanned in the barcode.

IMPORTANT: Draft and final versions of the computer-generated MI-1040 and MI-1040CR-7 forms are available only on Treasury's secured Web site. Developers must use the computer-generated version, regardless if a 2-D barcode is used. These forms will be clearly marked Draft or Final on the secured Web site. The final MI-1040 and MI-1040CR-7 forms posted on Treasury's **public** site are the "official tax booklet" versions -- not to be used by Software Developers. The official tax booklet and computer-generated versions differ **only** in the **name/address/barcode area** on the top of page 1 and the **mailing address** on page 2.

Barcode Size/Placement:

- MI-1040: Size: 3½" width x 2" height (maximum)
  Placement: ½" from right margin and ¾" from top margin

- MI-1040CR-7: Size: 3½" width x 1½" height (maximum)
  Placement: ½" from right margin and 7/8" from top margin.

To participate in 2-D barcoding, developers must obtain specifications and guidelines from Treasury's secured Web site.

Substitutes Generated Using Dot-Matrix Printers

Forms Requiring a Signature: Generally, dot-matrix substitutes of forms requiring a signature are not acceptable. Forms requiring a signature should be submitted as either the official form, photocopies of unaltered official forms, forms printed using conventional printing processes or approved laser facsimiles. If, however, a dot-matrix substitute substantially duplicates the official form and all instructional text is on the form, the Department will review it.

Forms Not Requiring a Signature: Any schedule that does not require a signature may be generated as a dot-matrix substitute (e.g., MI-2210 UNDERPAYMENT OF ESTIMATES, C-8000G SBT BUSINESS INCOME AVERAGING, but **not** C-8000 SINGLE BUSINESS TAX ANNUAL RETURN).

Forms and schedules printed on a dot-matrix printer should look as much like the official version as possible, with emphasis on readability. Use periods or other special characters to separate the various parts and sections. Each section of the form must be identified as on the official version. Print all line numbers even if a zero amount will be reported.

If it is not possible to duplicate the blackened right-facing arrow used to indicate a data entry pickup line on the official version, the arrow may be replaced by a blackened circle (•) or a bold double asterisk (**) on the dot-matrix substitute form. The line number immediately to the right of the data entry symbol must also be bold.

Text that is solely instructional may be omitted from a dot-matrix substitute.

Scanned Forms

Substitutes of forms bearing correct scan lines (forms scanned by OCR) must be printed one to a page and cut to the correct vertical height. The program should generate a top line to define the cutting edge for the preparer. Position the form at the bottom of the page to ensure a dependable feeding edge and positive margin for optical scanning. Substitutes must be printed on 20# to 24# bond paper.

The following forms contain a scan line:

- 160 COMBINED RETURN FOR MICHIGAN TAXES
- 161 DISCOUNT VOUCHER FOR SALES AND USE TAXES
- C-8002 SINGLE BUSINESS TAX QUARTERLY RETURN
- MI-1040ES ESTIMATED INDIVIDUAL INCOME TAX VOUCHER
- MI-1040V E-FILE AND TELEFILE PAYMENT VOUCHER
- MI-1041ES FIDUCIARY VOUCHERS FOR MICHIGAN ESTIMATED INCOME TAX

Scan line specifications for the above forms are posted on Treasury's secured Web site. For forms 160 and 161, the Department cannot accept substitutes that do not contain a scan line. For forms C-8002, MI-1040ES, MI-1040V and MI-1041ES, the Department encourages that the scan line be included to speed processing and improve the accuracy of the payment posting. In all cases, the Department prefers that when a personalized form is provided to a taxpayer, the personalized form (not a copy or reproduction) be filed with the Department.

Snap-Out Substitutes

The Department will approve substitute carbon-loaded or carbonless unit sets if they meet all the specifications set forth in this Policy and the following additional requirements:

1. Second and subsequent ply images may be in black or blue ink.

2. All plies that will be filed with the Department must be legible.

3. Forms that include a scan line may not be produced as unit sets because ink smearing interferes with clean reading. This applies to both carbon-loaded and carbonless unit sets.

AGREEMENT

By submitting a substitute form to the Department for review and approval, a developer agrees to follow the requirements and specifications of this Policy. If a substitute form has been approved by the Department but subsequently proves to disrupt or impede the processing of tax returns, for whatever reason, the developer must:

1. Accept the Department's decision as to whether a developer may continue to use the software program during the filing season, and

2. Work with the Department to correct any problems.

End